

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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<http://www.cmac.ca.gov>



September 3, 2008

TRANSMITTED ELECTRONICALLY

TO: ALL SELECTIVE PROVIDER CONTRACTING PROGRAM HOSPITALS

RE: Distressed Hospital Fund Negotiations

This letter is to inform you that the California Medical Assistance Commission (Commission) is commencing the process for negotiations on distributions from the Distressed Hospital Fund for State fiscal year 2008-09.

In 2005, the Medi-Cal Hospital/Uninsured Care Demonstration Project Act (Chapter 560, Statutes of 2005; Senate Bill 1100; Welfare and Institutions Code, Article 5.2, Section 14166, et. Seq.) modified the Medi-Cal reimbursement methods for California's public hospitals and revised other supplemental payment processes for both California's public and private hospitals.

The Act also established a separate program and a fund, the Distressed Hospital Fund ("Fund"). This Fund is described in the Act under Welfare and Institutions Code, Section 14166.23, and provides that the Commission may negotiate with Selective Provider Contracting Program (SPCP) hospitals for distributions from the Fund. This letter initiates negotiations for the fourth year (State fiscal year 2008-09) of the demonstration project established by the Act. While there is no approved State budget as of today's date, the Commission will initiate the application and negotiation process; no recommendations for distributions from the Fund will be made until there is an approved State budget.

As noted in previous announcement letters initiating the rounds of Distressed negotiations, the Fund was established with relatively limited resources. Due to the small size of this Fund, the Commission may find it necessary to focus its effort on a small number of hospitals in order for the available funds to have a more significant impact. This focus is consistent with the many comments received from hospitals and association representatives during the initial design and development of the Fund and reaffirmed by the hospitals and associations at subsequent meetings where the Commission solicited public input. The Commission would again appreciate public input on the process and focus of the program and will be requesting and accepting public comment at the September 25, 2008 Commission meeting. Comments should address the focus of the program not individual hospital situations or needs. Written comments will also be accepted; we would appreciate receiving written comments by September 19, 2008 so they will be available for Commissioner consideration at the meeting.

As an SPCP hospital, your hospital is invited to submit a proposal justifying your request for a distribution from the Fund this fiscal year. Welfare and Institutions Code, Section 14166.23 (a) states that in order for a hospital to qualify for distributions from the Fund, the hospital must, "as determined by the Commission in its discretion", meet **all three** of the following criteria:

- Serve a “substantial volume” of Medi-Cal patients, measured either as a percentage of the hospital’s overall patient volume, or by the total volume of Medi-Cal services provided by the hospital;
- Be a “critical component” of the Medi-Cal program’s health care delivery system, such that the system would be significantly disrupted if the hospital reduced Medi-Cal services or no longer participated in the program;
- Be facing a “significant financial hardship” that may impair its ability to continue its range of services for the program.

SPCP hospitals that feel they meet all three of the above criteria are invited to submit proposals that not only clearly demonstrate how the hospital meets the above criteria, **but that also clearly state why the Commission should consider your proposal over proposals submitted by other qualifying SPCP hospitals.** However, please be advised that submitting a proposal and entering into preliminary negotiations **does not** ensure that your hospital will receive a distribution from the Fund.

Proposals should be no longer than five (5) pages in length, and must be received by the Commission by **5:00 PM on October 10, 2008.** To avoid duplicative paperwork, if your hospital is participating in the 2008-09 Private Hospital Supplemental Payment Program, you may utilize that proposal to outline your needs. But you still must demonstrate how your hospital meets the statutory criteria for the Distressed Hospital Fund and why the Commission should consider your proposal over other qualifying hospitals.

In addition to the proposals, hospitals are required to submit the attached “Contact Information” form. Additionally, in order to commence negotiations for a distribution from the Fund, you must provide the certifications and declarations required by Section 100531 of Title 22 of the California Code of Regulations. Suggested language for a Certifications and Declarations document is enclosed for your reference or, if you prefer, for your signature.

The Commission is willing to accept and encourages electronic submission of Distressed Hospital proposals. This letter and the enclosed forms and schedules are also available on our website (www.cmac.ca.gov). The proposals, with the applicable forms, can be sent to **contact@cmac.ca.gov**. We will acknowledge receipt of your submission within the next business day.

The Commission has revised its business practices and now electronically transmits for signature all contracts and amendments. When approved by the Commission, the distressed amendment will be transmitted to the hospital for signature in this fashion. Please provide on the attached “Intent to Participate” form an e-mail address where the amendment is to be sent. While the Commission will accept an electronic or scanned signature for the Certifications and Declarations document, we must have an original signature for the amendment.

If you have any questions regarding these matters, please do not hesitate to call your negotiator at (916) 324-2726.

Sincerely,



Keith Berger
Executive Director

CMAC SCHEDULE FOR NEGOTIATIONS FOR THE DISTRESSED HOSPITAL FUND*

SFY 2008-09

September 3	CMAC to distribute announcement letter to all SPCP hospitals
September 25	Public input of the process and focus of the Distressed Hospital Program
October 10	Submission of Proposal due to CMAC by 5:00 PM
October 14 - November 5	CMAC staff review of hospitals' proposals
October 23	CMAC staff report to Commissioners
October 24 - November 19	CMAC staff negotiations with hospitals
November 6	CMAC staff report to Commissioners
November 20	CMAC Commission meeting to include recommended actions for hospital amendments

*Subject to change without notice

**Distressed Hospital Program
SFY 2008-09
Contact Information**

Hospital Legal Name	
Contact Person* For negotiations	
Title	
Mailing Address	
Telephone #	
Fax #	
Email Address**	
Person Authorized to Sign Contract	
Mailing Address (or indicate if same as above)	

*Contact person must have the authority to contractually bind the hospital to the negotiated terms.

** If awarded funding, the Commission approved amendment will be electronically transmitted to this address.

Please return this form with your proposal by 5:00 p.m. on October 10, 2008 to:

California Medical Assistance Commission
770 L Street, Suite 1000
Sacramento, CA 95814
(916) 324-5597 fax

contact@cmac.ca.gov

**PROCEDURE IN FURTHERANCE OF FAIR COMPETITION
IN CONTRACT NEGOTIATIONS**

I warrant that I have authority to represent and engage in Medi-Cal Selective Provider Contracting Program ("SPCP") negotiations on behalf of _____, its employees, directors, officers, partners, agents, representatives, consultants, contractors, physicians, or other related individuals who have a need to know its SPCP negotiations (collectively referred to as "Hospital").

In accordance with California Code of Regulations, title 22, section 100531, subdivision (a)(1), I certify that no individual participating in the SPCP negotiations on behalf of the Hospital is also representing, providing consultation to, negotiating on behalf of, or otherwise participating in SPCP negotiations for any competing hospital, as defined in California Code of Regulations, title 22, section 100531, subdivision (b)(1),

I declare under penalty of perjury that neither the Hospital nor I will collaborate, discuss, disclose, publish, utilize, exploit, distribute, or use or cause to be used for any other purpose, the SPCP negotiation information or any related information, whether oral or written, that is developed or received by the State, the Hospital, or me, except with any Hospital related individual who is bound by this declaration and participating in the SPCP negotiations on behalf of the Hospital. (Cal. Code Regs., tit. 22, § 100531, subd. (a)(2).

I warrant that I have full and binding authority to make the declarations and certifications contained herein on behalf of the Hospital. This declaration is made under the penalty of perjury.

DATE

SIGNATURE

PRINT NAME

TITLE